

## Message Text

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TAGS: ETRD, UR, US

SUBJ: SOVIET MINISTERS STRESS INTEREST IN TRADE WITH U.S.

1. SUMMARY. IN RARE BACK-TO-BACK PRESS CONFERENCES FOR U.S. JOURNALISTS IN MOSCOW ON MAY 27, MINISTER OF CHEMICAL INDUSTRY KOSTANDOV AND MINISTER OF OIL INDUSTRY SHASHIN TOOK GENERALLY POSITIVE APPROACH ON DEVELOPMENT OF TIES WITH U.S. FIRMS. REQUEST FROM U.S. JOURNALISTS TO MEET WITH KOSTANDOV AND SHASHIN HAD BEEN PENDING FOR SEVERAL MONTHS, AND SOVIET DECISION SCHEDULE MEETINGS ON SAME DAY, AN EMBARRASSMENT OF RICHES FOR U.S. PRESS CORPS, APPEARS DESIGNED PASS ON MESSAGE TO U.S. PUBLIC OPINION THAT SOVIETS CONTINUE SUPPORT RAPID DEVELOPMENT OF US-SOVIET ECONOMIC TIES. MCGRAW-HILL REP GAVE EMBOFF FULL RUNDOWN ON BOTH MEETINGS.; 3ND SUMMARY.

2. MEETING WITH KOSTANDOV WAS APPARENTLY MORE INTERESTING  
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OF TWO, PERHAPS REFLECTING KOSTANDOV'S GREATER EXPERIENCE IN

DEALING WITH FOREIGN PRESS. IN VERY RARE DISCUSSION OF NEGOTIATIONS WITH U.S. FIRMS, KOSTANDOV GAVE FULL RUN-DOWN ON HIS MINISTRY'S CONTACTS WITH U.S. CHEMICAL COMPANIES, INCLUDING READING FROM LETTER RECENTLY RECEIVED FROM DOW PRESIDENT BRANCH. LATTER PROPOSED, INTER ALIA, CONSTRUCTION OF THREE PLANTS IN USSR ON FULL COMPENSATION BASIS (STYRENE, BENZENE, AND POLY-ETHYLENE). KOSTANDOV ALSO CITED PROPOSALS FROM DUPONT FOR CONSTRUCTION OF FIBER "B" PLANT AND PLANT FOR PRODUCTION OF "POLYMERIC CHLOROPRENE." ACCORDING TO KOSTANDOV, MINISTRY EXAMINING CAREFULLY PROPOSAL FROM UNION CARBIDE FOR CONSTRUCTION OF "BENZOL A" PLANT. HE ADDED THAT DELEGATION FROM PPG EXPECTED IN MOSCOW MID-JUNE TO BEGIN DETAILED NEGOTIATIONS ON PRELIMINARY AGREEMENT REACHED DURING KOSTANDOV'S RECENT VISIT TO U.S. WHEN ASKED TO COMMENT ON SOVIET NEGOTIATIONS WITH WESTERN EUROPEAN AND JAPANESE CHEMICAL COMPANIES, KOSTANDOV BRUSHED MATTER ASIDE AND INSISTED THAT SOVIETS SAW U.S. CHEMICAL INDUSTRY AS MAJOR POTENTIAL FOREIGN COLLABORATOR.

3. WITH REFERENCE TO CURRENT NEGOTIATIONS FOR AMMONIA PLANT CONTRACTS, KOSTANDOV SAID SOVIETS IN FINAL STAGES OF EXAMINATION OF THREE PROPOSALS SUBMITTED BY M.W. KELLOGG, ONE BASED ON U.S. EQUIPMENT, ONE BASED ON FRENCH EQUIPMENT, AND ONE BASED ON JAPANESE EQUIPMENT. HE SAID THAT CONTRACT FOR FOUR OF EIGHT AMMONIA PLANTS TO BE CONSTRUCTED AT KUIBYSHEV SHOULD BE SIGNED WITHIN "TWO-THREE WEEKS," BUT HE AVOIDED QUESTION OF WHEN CONTRACTS FOR OTHER FOUR UNITS PLANNED FOR KUIBYSHEV WOULD BE SIGNED. LOOKING TO FUTURE, KOSTANDOV SAID SOVIETS PLANNED CONSTRUCT ADDITIONAL 20 AMMONIA PLANTS DURING 1976-80 FIVE-YEAR PLAN PERIOD, WITH CZECHS BUILDING AT LEAST 10 AND PERHAPS AS MANY AS FIFTEEN.

4. IN CONTRAST TO KOSTANDOV, SHASHIN WAS LESS FORTHCOMING AND APPEARED LESS WELL PREPARED. MOST INTERESTING DISCUSSION FOCUSED ON DEVELOPMENT OF TYUMEN' OIL FIELD AND CONSTRUCTION OF SECOW TRAS-SIBERIAN RAIL LINE. SHASHIN FLATLY DENIED THAT SOVIETS HAD ANY AGREEMENT WITH JAPANESE ON DEVELOPMENT OF TYUMEN' OIL AND DENIED ANY SOVIET INTEREST IN CONCLUDING SUCH AN AGREEMENT. WITH REFERENCE TO RAILROAD, SHASHIN INISTED THAT IT WAS "NORMAL RAIL LINE" AND WAS NOT BEING DESIGNED TO HANDLE VERY LIMITED OFFICIAL USE

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LARGE VOLUMES OF CRUDE OIL. WHEN MCGRAW-HILL CORRESPONDENT POINTOD OUT THAT SPECIAL TECHNOLOGY WOULD BE NEEDED IF SOVIETS PLANNED MOVE 25 MILLION TONS OF OIL PER YEAR ON THIS LINE AS HAD BEEN REPORTED, SHASHIN AGREED BUT MAINTAINED THAT SOVIETS HAD NO INTENTION OF USING RAIL LINE FOR THIS PURPOSE. IN GENERAL, SHASHIN DID NOT APPEAR ENTHUSIASTIC ABOUT COOPERATION WITH FOREIGN FIRMS IN DEVELOPMENT OF SOVIET OIL RESOURCES, ALTHOUGH HE MENTIONED THAT HIS MINISTRY WAS NEGOTIATING WITH STANDARD OF INDIANA FOR CONSTRUCT-

ION OF VERY LARGE REFINERY WITH PARTIAL PAYMENT IN CRUDE AND PRODUCTS.

OTHER PROJECTS INVOLVING U.S. FIRMS CITEY BY SHASHIN INCLUDED PROPOSAL BY DRESSER INDUSTRIES TO BUILD PLANT FOR PRODUCTION OF DRILLING BITS. SHASHIN NOTED THAT SOVIETS HAD PURCHASED LARGE QUANTITY OF US OIL FIELD EQUIPMENT AND INTENDED BUY EVEN MORE IN FUTURE. HE SAID THAT SOVIETS WERE NOT PARTICULARLY INTERESTED IN COOPERATION WITH CANADIANS ON PROBLEMS OF OIL OPERATIONS IN ARCTIC REGIONS.

5. COMMENT: PRIVATE PRESS CONFERENCES WITH SOVIET MINISTERS ARE RARE EXPERIENCES FOR U.S. JOURNALISTS IN MOSCOW, AND SOVIET DECISION SCHEDULE TWO IN ONE DAY IS INDEED EXTRAORDINARY. MCGRAW-HILL REP SAID HE AND HIS COLLEAGUES WERE INCLINED SEE SOVIET DECISION HOLD THESE PRESS CONFERENCES AS DESIGNED DEMONSTRATE TO U.S. PUBLIC OPINION AND CONGRESS THAT SOVIETS WERE SINCERE IN THEIR CLAIMS THAT THEY WERE SEEKING WIDEST POSSIBLE COOPERATION WITH U.S. INDUSTRY. MCGRAW-HILL REP WAS ALSO STRUCK BY APPARENT CHANGE OF HEART BY MAJOR U.S. CHEMICAL FIRMS WHICH PREVIOUSLY WERE UNENTHUSIASTIC ABOUT TRANSFERRING THEIR TECHNOLOGY TO SOVIETS BUT NOW, IF DOSTANDOV CAN BE BELIEVED, ARE KNOCKING AT THE DOOR WITH PROPOSALS FOR MAJOR COLLABORATIVE PROJECTS.  
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